

MEMORANDUM FOR THE RECORD

SUBJECT: Bureau of the Budget Briefing on Soviet
Commercial Aircraft Developments

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1. Mr. Esker called on Thursday, 23 February 1961, and asked to set up a meeting with representatives of OSI and the Bureau of the Budget examiner on the Federal Aviation Agency's Budget. The purpose of the meeting was to brief the Bureau of the Budget examiner on Soviet development of commercial super-sonic aircraft and progress in commercial aircraft design, development, etc. It was further stated that this information would be used in the connection of the evaluation of the FAA budget request.

2. Dr. Seoville, Director of OSI, was called concerning the above request. It was pointed out in the discussion with Dr. Seoville that two policy questions were involved which we felt should be given consideration. These questions were: (a) The furnishing of classified information to a FAA budget examiner in the Bureau of the Budget, and (b) the overall Agency policy question as to whether the Agency wished to be placed in the position of advising the Bureau of the Budget on matters which would be used in connection with budget hearings and the Bureau's utilization of intelligence reports in this manner. Dr. Seoville stated that he would check into these matters, but that he felt that another facet should be given careful consideration before any action was taken. He stated that OSI did not actively follow commercial aircraft developments in the USSR and depended primarily on the Air Force for this type of support. He further stated at one time that OSI did do some work in this field, but due to a shortage of qualified personnel and other related factors, their activity in this area was peripheral to the main objectives of OSI. For this reason OSI would be unable to brief the budget examiner unless someone was assigned to familiarize himself with the information in this field probably through a trip to AFIC and by reviewing all intelligence information available in this field. He stated when OSI attempted to follow this area, they found that it was duplicating work that was being done by the Air Force since commercial aircraft developments closely parallel military aircraft developments.

3. The point raised by Dr. Seoville was discussed with Mr. Esker, and Mr. Esker was informed that I did not feel that it would be appropriate to attempt to brief a FAA budget examiner under these circumstances. Mr. Esker concurred in this opinion and agreed that the question should be dropped.

SECRET

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4. In connection with the above inquiry, the DD/S was informed of the inquiry and of the reply given. In this discussion with the DD/S, it was pointed out that we questioned the advisability of briefing Bureau of the Budget examiners with the view of their using such information in connection with the evaluation of budgets of other agencies. It was further agreed since this question had come up before, it might be advisable to try to obtain a policy decision as to what our position should be if a similar inquiry was subsequently received. The DD/S stated that he would raise the question in the Deputy Director's meeting and would attempt to obtain a policy position on the question. He was informed that the Comptroller would greatly appreciate some guidance along these lines in order that we would be in a position to respond promptly to similar inquiries if subsequently received.

C. N. Mason
Chief, Budget Division

CNM/jmr (28 February 1961)

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